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7 UNITED STATES DISTRICT COURT
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 SRC LABS, LLC, et al.,

11 Plaintiffs,

12 v.

13 MICROSOFT CORPORATION,

14 Defendant.

CASE NO. C18-0321JLR

ORDER STAYING CASE
PENDING *INTER PARTES*
REVIEW PROCEEDINGS

15 **I. INTRODUCTION**

16 Before the court is Defendant Microsoft Corporation's ("Microsoft") motion to
17 stay the above-captioned case pending *inter partes* review ("IPR"). (Mot. (Dkt. # 117).)
18 Microsoft contends that their 10 pending petitions for IPR, which they filed with the
19 Patent and Trademark Office ("PTO") between August 24, 2018, and September 11,
20 2018, warrant such a stay. (*See generally id.*) Plaintiffs SRC Labs, LLC ("SRC") and
21 Saint Regis Mohawk Tribe ("SRMT") (collectively, "Plaintiffs") oppose the motion.
22 (Resp. (Dkt. # 123).) Microsoft filed a reply. (Reply (Dkt. # 129).) The court has

1 considered the parties' submissions in support of and in opposition to the motion, the
2 relevant portions of the record, and the applicable law. Being fully advised,¹ the court
3 GRANTS Microsoft's motion, STAYS the case pending the PTO's decisions on
4 Microsoft's 10 IPR petitions, VACATES all case deadlines that remain as of the date of
5 this order, and ORDERS the parties to file a joint status report regarding the status of
6 Microsoft's 10 IPR petitions upon receiving decisions on all 10 petitions from the PTO or
7 on May 1, 2019, whichever occurs first.

8 **II. BACKGROUND**

9 Plaintiffs assert that Microsoft infringes upon United States Patent Nos. 6,076,152
10 ("the '152 patent"), 6,247,110 ("the '110 patent"), 6,434,687 ("the '687 patent"),
11 7,225,324 ("the '324 patent"), 7,421,524 ("the '524 patent"), and 7,620,800 ("the '800
12 patent"). (*See generally* Am. Compl. (Dkt. # 103); *see also* '152 patent (Dkt. # 103-1);
13 '110 patent (Dkt. # 103-2); '687 patent (Dkt. # 103-3); '324 patent (Dkt. # 103-4); '524
14 patent (Dkt. # 103-5); '800 patent (Dkt. # 103-6).) Plaintiffs filed this case on October
15 18, 2017, in the Eastern District of Virginia. (*See* Compl. (Dkt. # 1).) The Virginia
16 district court transferred the case to this court on February 26, 2018. (*See* 2/26/18 Order
17 (Dkt. # 50); *see also* 3/1/18 Letter (Dkt. # 52).)

18 In a separate action in this court, Plaintiffs asserted patent infringement claims
19 against Amazon Web Services, Inc., Amazon.com, Inc., and VADATA, Inc. *See SRC*

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21 ¹ Plaintiffs request oral argument (*see* Resp. at 1), but the court concludes that oral
22 argument would not be helpful to its disposition of this motion and denies Plaintiffs' request.
See Local Rules W.D. Wash. LCR 7(b)(4).

1 *Labs, LLC v. Amazon Web Services, Inc.*, No. C18-0317JLR (W.D. Wash), Dkt. # 1.
2 Three of the six patents-at-issue in the present case—the ’110 patent, the ’687 patent, and
3 the ’800 patent—are also at issue in *SRC Labs, LLC v. Amazon Web Services, Inc.* See
4 *id.*, Dkt. # 1 ¶ 1. Due to the overlapping patents, the parties in the two cases submitted
5 coordinated discovery plans (*see, e.g.*, Discovery Plan (Dkt. # 91)), which the court
6 modified and approved on May 22, 2018 (*see* Sched. Order (Dkt. # 94)). The court also
7 consolidated the *Markman* hearing² and the *Markman*-related pretrial matters for the two
8 cases, with the *Markman* hearing scheduled for December 20-21, 2018. (*See* 5/22/18
9 Min. Order (Dkt. # 95) at 1-2; Sched. Order at 2.) In this case, certain deadlines had
10 expired by the time Microsoft filed the present motion: disclosing preliminary
11 infringement contentions and asserted claims, joining additional parties, disclosing
12 preliminary invalidity contentions, providing expert witness reports on *Markman* issues,
13 providing rebuttal expert reports on *Markman* issues, and exchanging preliminary claim
14 charts. (Sched. Order at 1-2; *see also* 8/31/18 Order (Dkt. # 112); Dkt.)

15 Between August 24, 2018, and September 11, 2018, Microsoft filed 10 petitions
16 for IPR with the PTO’s Patent Trial and Appeal Board (“PTAB”). (Mot. at 6.) In these
17 10 petitions, Microsoft challenges all six of the patents-at-issue in this case, alleging 38
18 separate grounds of invalidity based on 20 different prior art patents and publications.
19 (*Id.*) The PTAB has issued notices establishing patent owner response deadlines for 4 of
20 the 10 IPR petitions, covering the ’687, ’524, ’324, and ’800 patents. (Love Decl. (Dkt.

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² *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 391 (1996).

1 # 118), ¶¶ 10-13, Exs. H-K.) Microsoft claims that, in the ordinary course, it expects
2 similar notices and response deadlines for the other six petitions to be issued soon. (Mot.
3 at 6.) At the latest, the PTAB will determine whether to grant Microsoft’s first four
4 petitions by March 2019. (*See id.*); *see also* 35 U.S.C. § 314(b) (requiring the PTAB to
5 “determine whether to institute” an IPR “within 3 months after . . . receiving a
6 preliminary response to the petition”). The PTAB should determine whether to grant
7 Microsoft’s remaining six petitions by April 2019. *See* 35 U.S.C. § 314(b). When the
8 PTAB grants a petition, it has one year to complete the review, but may extend the one-
9 year period by up to six months for good cause. 35 U.S.C. § 316(a)(11); 37 C.F.R.
10 § 42.100(c). Thus, if the PTAB grants all of Microsoft’s petitions and conducts an IPR
11 trial on all of the patents, the IPR trials and decisions should conclude by March or April
12 2020, but may be extended to October 2020. *Id.*; (*see also* Mot. at 6.)

13 On October 11, 2018, after confirming that Plaintiffs would not stipulate to a stay
14 pending resolution of Microsoft’s IPR petitions (*see* Love Decl. ¶ 14, Ex. L), Microsoft
15 moved to stay this case (*see* Mot.). That motion is now before the court.

16 III. ANALYSIS

17 The court has the authority to stay this case pending the outcome of an IPR
18 petition. *See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988); *Wre-Hol*
19 *v. Pharos Sci. & Applications*, No. C09-1642MJP, 2010 WL 2985685, at *2 (W.D. Wash.
20 July 23, 2010); *DSS Tech. Mgmt., Inc. v. Apple, Inc.*, No. 14-cv-05330-HSG, 2015 WL
21 1967878, at *2 (N.D. Cal. May 1, 2015). To determine whether to grant such a stay, the
22 court considers “(1) whether a stay will simplify the issues in question and the trial of the

1 case[s], (2) whether discovery is complete and whether . . . trial date[s] ha[ve] already
2 been set, and (3) whether a stay will unduly prejudice or present a clear tactical
3 disadvantage to the non-moving party.” *Pac. Bioscience Labs., Inc. v. Pretika Corp.*, 760
4 F. Supp. 2d 1061, 1063 (W.D. Wash. 2011). The court applies this “three-factor
5 framework from *Pacific Biosciences* regardless of whether an IPR petition is pending or
6 has been granted.” *See Nat’l Prods., Inc. v. Akron Res., Inc.*, No. 15-1984JLR (W.D.
7 Wash.), Dkt. # 66 at 6 (citations omitted). “The moving party bears the burden of
8 demonstrating that a stay is appropriate.” *DSS Tech.*, 2015 WL 1967878, at *2.

9 **A. Simplification of the Case**

10 The court first considers whether and to what extent staying these cases pending
11 the outcome of the IPR petitions would simplify the issues and the trial in this case. *See*
12 *Pac. Bioscience*, 760 F. Supp. 2d at 1063. Microsoft argues that, in light of the multiple
13 IPR petitions, there is a significant chance that a stay pending the IPRs would simplify
14 the issues. (Mot. at 8-10.) Microsoft relies heavily on PTO statistics to support its claim.
15 (*See id.*) Plaintiffs argue that Microsoft’s motion is premature because the PTAB has not
16 yet assigned each IPR petition to a panel, and has not yet instituted any of the IPRs.
17 (Resp. at 7-9.) In addition, Plaintiffs assert that, even assuming the PTAB grants the IPR
18 petitions, Microsoft’s invalidity claims in this case are different than its invalidity claims
19 in the IPRs. (Resp. at 12-13.) Therefore, according to Plaintiffs, any decision the PTAB
20 reaches will not simplify the issues here. (*Id.*) Lastly, Plaintiffs claim that this court is a
21 more expeditious and efficient forum to try the patents-at-issue because trial is currently

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1 scheduled for November 4, 2019, while the PTAB will not reach a decision until March
2 2020 at the earliest. (*Id.* at 13; *see also* Sched. Order at 1.)

3 The court agrees that it is less likely that a “pre-institution” IPR—meaning, the
4 PTAB has not yet decided whether to grant the IPR—will simplify litigation because the
5 IPR may never occur. *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1316
6 (Fed. Cir. 2014) (“While a motion to stay could be granted even before the PTAB rules
7 on a post-grant review petition, no doubt the case for a stay is stronger after post-grant
8 review has been instituted.”). But, contrary to Plaintiffs’ assertion (*see* Resp. at 7-9), a
9 motion to stay pending an IPR is not “premature” simply because the PTAB has not yet
10 instituted the IPR. *Id.*; *Nat’l Prods.*, No. 15-1984JLR, Dkt. # 66 at 6; *see also Pragmatus*
11 *AV, LLC v. Facebook, Inc.*, No. 11-CV-02168-EJD, 2011 WL 4802958, at *3 (N.D. Cal.
12 Oct. 11, 2011) (collecting cases that demonstrate “it is not uncommon for [the Northern
13 District of California] to grant stays pending reexamination prior to the PTO deciding to
14 reexamine the patent”).

15 This court has relied on PTO statistics to help determine if a pre-institution IPR
16 will simplify litigation. *See Nat’l Prods.*, No. 15-1984JLR, Dkt. # 66 at 7; *see also Pac.*
17 *Biosciences*, 760 F. Supp. 2d at 1063-64. Of the 6,937 IPR petitions decided by the
18 PTAB as of August 31, 2018, the PTAB instituted trial on 4,650 (67%) petitions and
19 denied trial on 2,287 (33%) petitions. (*See* Love Decl. ¶ 4, Ex. B (“PTAB Statistics) at
20 11.)³ The PTAB’s institution rate for patents in the “Electrical/Computer” field, which
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22 ³ For this exhibit, the court cites to the page numbers at the bottom-right of the pages.

1 all the patents-at-issue fall within, is almost identical at 67.66%. (*Id.* at 8.) The court
2 therefore concludes that, for each of Microsoft's IPR petitions, there is approximately a
3 33% chance that the PTAB denies the petition and approximately a 67% chance that the
4 PTAB grants the petition.

5 Moreover, of the 2,308 petitions that had reached a final written decision by
6 August 31, 2018, the PTAB determined that all instituted claims were unpatentable in
7 1,488 cases (64%), that some claims were unpatentable in 379 cases (16%), and that no
8 claims were unpatentable in 441 cases (19%). (*Id.* at 11.) The parties have provided no
9 persuasive reason to believe that Microsoft's IPR petitions, if granted, are more or less
10 likely to succeed than the average petition submitted to the PTAB. And although
11 Plaintiffs are correct that the invalidity grounds that Microsoft has asserted in this case
12 are not addressed in the IPR petitions (*see* Resp. at 12-13; *see also* Reply at 6), if the
13 PTAB invalidates the claims, Microsoft's invalidity defenses in this case would be moot.
14 Accordingly, the court concludes that, if instituted, each IPR trial would have
15 approximately a 64% chance of substantially simplifying this case, a 16% chance of
16 insubstantially simplifying the case by concluding that some but not all claims are
17 unpatentable, and a 19% chance of not affecting the case.

18 Based on these calculations, the court roughly approximates that, for each separate
19 IPR petition that Microsoft filed, there is a 43%⁴ chance that the petition substantially

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22 ⁴ 0.67 x 0.64 = 0.4288.

1 simplifies the case, an 11%⁵ chance that the petition insubstantially simplifies the case,
2 and a 46%⁶ chance that the petition does not affect the case.

3 However, these statistics change significantly when factoring in the number of IPR
4 petitions at issue. The chance that 0 of the 10 petitions substantially simplifies this case
5 could be as low as 0.4%.⁷ This calculation may be inaccurate because, as Microsoft
6 admits, the PTAB may not consider the 10 IPR petitions independently. (*See* Mot. at 9
7 n.3) In other words, because the 10 petitions involve 6 patents, which concern closely
8 related subject matter, it is more likely that the PTAB rules similarly on all 10 petitions.
9 Regardless, the essential point is that because there are 10 IPR petitions pending, it is far
10 more likely than 43% that at least 1 of the IPR petitions substantially simplifies this case,
11 and far less likely than 46% that none of the IPR petitions substantially simplifies this
12 case.

13 Based on the foregoing calculations and analysis, the court finds that there are
14 significant odds that the IPR petitions will substantially simplify this case.⁸ Accordingly
15 the court concludes that this factor weighs in favor of granting the stay.

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18 ⁵ $0.67 \times 0.16 = 0.1072$.

19 ⁶ $(0.67 \times 0.19) + 0.37 = 0.4573$.

20 ⁷ $(1 - 0.43)^{10} = .0036$.

21 ⁸ Neither party asks the court to consider this factor in light of the consolidated *Markman*
22 hearing and overlapping patents-at-issue with *SRC Labs, LLC v. Amazon Web Services, Inc.*, No.
C18-0317JLR (W.D. Wash). (*See generally* Mot.; Resp.; Reply.) The court therefore declines to
do so.

1 **B. Stage of the Litigation**

2 The second factor that the court considers is the stage of the litigation. *Pac.*
3 *Bioscience*, 760 F. Supp. 2d at 1063. “[T]he proper time to measure the stage of the
4 litigation” is at “the date of the filing of the motion to stay.” *VirtualAgility*, 759 F.3d at
5 1316. Here, when Microsoft filed its motion on October 11, 2018, document production
6 and written discovery had taken place, but only one fact witness deposition had been
7 scheduled. (Mot. at 10.) In addition, the parties had not yet filed their joint claim chart
8 and prehearing statement, or their opening claim construction briefs. (*See generally* Dkt.)
9 The December 20-21, 2018, *Markman* hearing was over two months away, the May 24,
10 2019, discovery cutoff date was over seven months away, and the November 4, 2019,
11 trial was over a year away. (*See* Sched. Order at 1-2.)

12 This court has stayed patent cases at similar stages. *See, e.g., Pac. Bioscience*, 760
13 F. Supp. 2d at 1066; *Nat’l Prods.*, No. 15-1984JLR, Dkt. # 66 at 9-11. For example, in
14 *Pacific Bioscience*, the court considered a motion to stay at a time when the parties had
15 performed “limited written discovery and document production,” but discovery was “far
16 from complete.” 760 F. Supp. 2d at 1066. In addition, the *Markman* hearing had not yet
17 taken place, nor had the parties submitted claim construction briefs. *Id.* Trial was also a
18 year away. *Id.* at 1063. On these facts, the court found that “[n]either the parties, nor the
19 court, have invested the kind of resources that would render a stay pending reexamination
20 untenable. To the contrary, the fact that substantial additional discovery, claim
21 construction, and other issues lie ahead in this case weighs in favor of a stay.” *Id.* at
22 1066.

1 Plaintiffs argue that this case not at its earliest stages, that the parties have
2 exchanged extensive written discovery, and that many depositions have been taken.
3 (Resp. at 13-14.) But most of these depositions occurred after Microsoft filed its motion.
4 (Reply at 7.) And even though written discovery has been exchanged, many months of
5 discovery remain. (See Sched. Order at 2.) Thus, measured at the time that Microsoft
6 filed the present motion, the court does not see any meaningful difference between the
7 litigation stage in *Pacific Bioscience* and the litigation stage here.⁹ The court therefore
8 finds that this factor weighs in favor of a stay.

9 **C. Prejudice to the Non-Moving Party**

10 The final factor in the court’s analysis is undue prejudice to Plaintiffs. See *Pac.*
11 *Bioscience*, 760 F. Supp. 2d at 1063. Courts, including this one, “have found that mere
12 delay does not demonstrate undue prejudice.” *Implicit Networks, Inc. v. Advanced Micro*
13 *Devices, Inc.*, No. C08-0184JLR, 2009 WL 357902, at *3 (W.D. Wash. Feb. 9, 2009).

14 “Courts are hesitant to grant a stay if the parties are direct competitors.” *Palomar*
15 *Techs., Inc. v. Mrsi Sys., LLC*, No. 15-CV-1484 JLS (KSC), 2016 WL 4496839, at *5
16 (S.D. Cal. June 14, 2016). Plaintiffs do not allege that SRC or SRMT compete with
17 Microsoft. (See Resp. at 14-15.) Rather, Plaintiffs argue that a stay would unduly
18 prejudice them because SRC’s sister company, DirectStream, directly competes with
19 Microsoft. (*Id.* at 14.) But Plaintiffs do not provide any law that says the court can

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21 ⁹ Plaintiffs also argue that granting Microsoft’s motion would “reward Microsoft for
22 filing its IPR petitions belatedly, almost a year after this case was first filed.” (Resp. at 14.) To
the contrary, Microsoft’s petitions are timely in that Microsoft sought IPR within one year of
being served with a suit for patent infringement. See 35 U.S.C. § 315(b).

1 consider prejudice to a sister company. (*See generally id.*) To the contrary, when a
2 corporation divides into two distinct entities, courts consider these entities as separate for
3 purposes of litigation. *See, e.g., Ply-Am, L.P. v. GSE Lining Tech., Inc.*, 383 F.3d 1303,
4 1311 (Fed. Cir. 2004) (explaining that when a corporation divides, the entity that holds
5 the patent and alleges infringement cannot claim damages caused to the non-patent
6 holding entity). Therefore, the court does not find that Plaintiffs would suffer any undue
7 prejudice resulting from direct competition with Microsoft.

8 Plaintiffs also argue that a lengthy delay in litigation could cause a loss of critical
9 evidence and accurate testimony. (*Id.* at 15.) And any delay here will be longer than
10 usual, according to Plaintiffs, because of the ongoing case, *Saint Regis Mohawk Tribe v.*
11 *Mylan Pharmaceuticals Inc.*, 896 F.3d 1322 (Fed. Cir. 2018), which concerns whether
12 patents owned by a Tribe are shielded by the Tribe’s sovereign immunity (*see* Mot. at 12;
13 Resp. at 15). In that case, the Federal Circuit determined that “tribal immunity does not
14 extend to” IPR decisions. *Mylan Pharms.*, 896 F.3d at 1329. Plaintiffs were denied *en*
15 *banc* review, but may seek review from the Supreme Court. (Resp. at 15; Reply at 9 n.5.)

16 Again, “mere delay does not demonstrate undue prejudice.” *Implicit Networks*,
17 2009 WL 357902, at *3. Moreover, the delay in *Saint Regis Mohawk Tribe v. Mylan*
18 *Pharmaceuticals Inc.* is the result of SRMT’s appeals. *See Mylan Pharms.*, 896 F.3d at
19 1329 (affirming the PTAB’s decision that tribal immunity does not apply to IPR). That
20 said, it is not feasible for this court to consider the potentialities of other matters,
21 especially without an adequate record before it. More importantly, Plaintiffs do not point
22 to any evidence or testimony that could be lost due to a stay—even an extended one.

1 (See Resp. at 14-15.) In sum, the delay caused by Microsoft’s IPR petitions does not
2 demonstrate undue prejudice resulting from a loss of evidence or testimony.

3 Lastly, Plaintiffs argue that a stay will endorse Microsoft’s “efficient
4 infringement” business strategy, whereby Microsoft is actively “free-riding on the
5 inventions of others without compensating the inventors.” (Resp. at 15; Griffin Decl.
6 (Dkt. # 124) ¶ 4, Ex. C at 2.) Plaintiffs point to Microsoft’s history as a top-five filer of
7 IPRs, and the large settlements that Microsoft has had to pay as a result of past patent
8 infringement. (Resp. at 15; Griffin Decl. ¶¶ 5-6.) Plaintiffs seem to imply that the court
9 should deny the stay because Microsoft filed the IPR petitions at issue with nefarious
10 intent. To the extent that is Plaintiffs’ argument, they have not supported it, and the court
11 does not agree. Further, if a delay increases Plaintiffs’ damages, this can be remedied by
12 increased monetary relief if Microsoft is ultimately found liable.

13 Regardless, trial in this case is currently scheduled for November 4, 2019. (See
14 Sched. Order at 1.) The IPR trials—to the extent any occur—should be completed by
15 March or April 2020. This five-month delay is not significant, especially where the
16 parties are not direct competitors. *Cf. Nat’l Prods.*, No. 15-1984JLR, Dkt. # 66 at 12
17 (noting that a four-and-a-half month delay caused by a stay pending IPR was minor
18 compared to the four-and-a-half years during which the parties shared the marketplace as
19 direct competitors). Thus, due to the lack of direct competition between the parties and
20 the short duration of the delay, the court concludes that this factor weighs slightly in
21 favor of granting a stay.

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1 **D. Balancing the Factors**

2 In sum, two of the three factors weigh in favor of a stay, and one weighs slightly
3 in favor of a stay. The high likelihood of substantial simplification of this case, the early
4 stage of this litigation, and the lack of undue prejudice lead the court to conclude that a
5 stay pending resolution of the 10 IPR petitions is appropriate.

6 **E. Judicial Estoppel**

7 Separate from the normal factors that the court weighs when considering a stay,
8 Plaintiffs argue that Microsoft should be judicially estopped from moving for a stay.
9 (Resp. at 9-10.) Plaintiffs' argument is based on the fact that Microsoft sought and
10 achieved a transfer of this case from the Eastern District of Virginia by claiming that the
11 Western District of Washington is the appropriate venue for this case. (*Id.*) Plaintiffs say
12 that Microsoft should not now be able to achieve a stay after filing 10 IPR petitions with
13 the PTAB, which is based in Alexandria, Virginia. (*Id.* at 9.) Allowing the stay,
14 Plaintiffs claim, would "create the perception that either [the Eastern District of Virginia]
15 or this Court was misled." (*Id.* at 10.) Plaintiffs further claim that Microsoft's
16 inconsistent positions evidence gamesmanship, which has unfairly delayed this case from
17 the June 2019 trial date in the Eastern District of Virginia, to the November 2019 trial
18 date in this court, to the potential March or April 2020 trial date in the PTAB. (*Id.*)

19 In response, Microsoft says that it has not taken inconsistent positions. (Reply at
20 4-5.) Microsoft claims that it appropriately sought to transfer this case because the
21 alleged infringing activity occurred in the Western District of Washington, and
22 Microsoft's witnesses reside here. (*Id.* at 4.) The Eastern District of Virginia agreed with

1 this position. (See 2/26/18 Order at 1-4.) Microsoft also distinguishes Plaintiffs’
2 infringement claims that are at issue in this case, from Microsoft’s validity claims that are
3 at issue in the IPRs. Microsoft argues that adjudicating these claims will involve separate
4 evidence. (Reply at 4-5.) Lastly, Microsoft says that it filed its IPR petitions
5 electronically with the PTO, which is the only way such petitions can be filed. (*Id.* at 5.)
6 Although the PTO is based out of Alexandria, Virginia, it has satellite offices throughout
7 the country. (*Id.* at 5 n.5.) At its discretion, the PTO assigned Microsoft’s IPRs to the
8 Virginia office rather than one of its other offices. (*Id.*)

9 Judicial estoppel “is an equitable doctrine invoked by a court at its discretion.”
10 *Russell v. Rolfs*, 893 F.2d 1033, 1037 (9th Cir. 1990) (citing *Religious Tech. Ctr. v. Scott*,
11 869 F.2d 1306, 1311 (9th Cir. 1989)). The doctrine “is invoked to prevent a party from
12 changing its position over the course of judicial proceedings when such positional
13 changes have an adverse impact on the judicial process.” *Id.* It “is most commonly
14 applied to bar a party from making a factual assertion in a legal proceeding which
15 directly contradicts an earlier assertion made in the same proceeding or a prior one.” *Id.*
16 The court should consider the following three factors to determine if judicial estoppel
17 should be applied in a given case: (1) if a party’s later position is “clearly inconsistent”
18 with its earlier position; (2) if the party succeeded on its earlier position such that
19 succeeding on its later inconsistent position would create the impression that one of the
20 courts was misled; and (3) whether the party would achieve an unfair advantage if not
21 estopped. See *Milton H. Greene Archives, Inc. v. Marilyn Monroe LLC*, 692 F.3d 983,

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1 994 (9th Cir. 2012) (citing *New Hampshire v. Maine*, 539 U.S. 742, 750-51 (2001)). The
2 court finds that none of these factors counsels in favor of judicial estoppel.

3 There is no inconsistency in Microsoft’s positions. In seeking IPR, Microsoft did
4 not claim that the Western District of Washington is not “the hub of infringing activity”
5 or where “the bulk of the evidence likely relevant to this case is located,” which is what
6 Microsoft argued to the Virginia district court. (*See* 2/26/18 Order at 1-4.) Rather,
7 Microsoft filed its IPR petitions—for validity, not infringement—the only way it could:
8 with the PTO, which then assigned the petitions to Virginia at its discretion. *See* 37
9 C.F.R. § 42.6(b); (Reply at 5 n.5.) Consequently, neither the Virginia district court, nor
10 the PTAB, nor this court, were misled by Microsoft filing IPR petitions with the PTO and
11 thereafter seeking a stay. And while this matter is delayed by Microsoft’s IPR petitions,
12 the court does not find that Microsoft achieved an unfair advantage by inconsistent
13 positions. Moreover, as discussed, the Plaintiffs will not suffer undue prejudice as a
14 result of this delay. *See supra* § III.C. Thus, the court finds that Microsoft should not be
15 judicially estopped from moving to stay this case.

16 **IV. CONCLUSION**

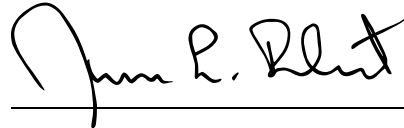
17 Based on the foregoing analysis, the court GRANTS Microsoft’s motion (Dkt.
18 # 117), STAYS the case pending the PTO’s decisions on Microsoft’s 10 IPR petitions,
19 VACATES all case deadlines that remain as of the date of this order, and ORDERS the
20 parties to file a joint status report regarding the status of Microsoft’s 10 IPR petitions

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1 within seven (7) days of receiving decisions on all 10 petitions from the PTO or on May
2 1, 2019, whichever occurs first.

3 Dated this 20th day of November, 2018.

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6 JAMES L. ROBART
7 United States District Court Judge
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